

GLOBAL & REGIONAL DAILY

May 8, 2023

Global markets

US non-farm payrolls rose by a higher-than-expected 253k in April, but the prior two months were revised lower by a cumulative 149k, taking the three-month average change at a multi-month low of 222k. However, the unemployment rate unexpectedly dropped by 0.1pt, returning to January's 54 year low of 3.4% as household employment rose sharply, by 577k, while the labor force participation rate was unchanged at 62.6% after rising steadily in the prior four months. Average hourly earnings rose by a higher-than-expected 0.5%MoM, taking the annual rate up to 4.4% from 4.3%, above levels that are historically consistent with the Fed's 2.0% inflation target (assuming labor productivity growth at around 1-1.5%). In reaction, USTs weakened, with the yield curve bear-flattening, while risk-on mood prevailed and Brent crude oil prices rose above \$76/bbl. Commodity-sensitive currencies firmed, while the USD weakened ahead of today's Senior Loan Officer Opinion Survey which is expected to show continued tightening in credit standards.

Greece

According to Bank of Greece (BoG) data, the weighted average interest rate on new deposits increased to 0.23% in Mar-23, from 0.21% in Feb-23, reaching a 43-month high. Regarding the respective interest rate on new loans, it stood at 5.73%, from 5.57% in Feb-23, reaching its highest level since Apr-14. It is worth noting, that the 10Y GGB in Mar-23 dropped to 4.26% (end of period), from 4.42% in Feb-23 and 2.67% in Mar-22. In other news, today ELSTAT is scheduled to announce the commercial transactions data for Mar-23. In Jan-23 to Feb-23, the deficit in the trade balance shrunk by 27.2%, mostly reflecting the drop in oil prices compared to Jan-22 to Feb-22.

CESEE

Latest indications from hard data related to consumer demand in March in countries from the region reaffirm the weakening dynamics earlier in Q1 2023. In Romania, retail sales turnover expanded by 6.8%YoY, a 13-month high, bringing the Q1 2023 average to 5.1%YoY, higher than the 3.8%YoY in Q4 2022. On the contrary, retail trade volume decline strengthened in Hungary, to 13.1%YoY, the strongest fall since at least 2019, with the Q1 2023 average change turning negative for the first time after the lift of the protection measures from the pandemic in Q2 2021 (-9.2%YoY). The weakening is mainly owed to the multi-year high inflation of 25.4%YoY in January-March this year. Last, in Poland, the deflated retail trade turnover was in March lower by 6.1%YoY, an almost 3-year high decline (since May 2020), leading to an average fall of 1.4%YoY in Q1 2023, after a strong increase of 5.8%YoY in Q4 2022.

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